

to reduce illegal drug use in America. This belief is bipartisan. Our President believes it. Our Attorney General believes it. Our Democratic leader in the Senate believes it. My Republican colleagues believe it. And most importantly, John Walters believes it.

Since being nominated in May, Mr. Walters has made himself available to all Senators on the Judiciary Committee. He has thoroughly answered all questions posed to him by the Judiciary Committee, as well as questions from Senators not on the Committee. I commend the President for his selection and nomination of John Walters, and I call upon the Democratic leader to end the delay, remove all holds, and schedule a vote on Mr. Walters' nomination as early as possible, this week, if he could. At a time when we are at war, it is simply not prudent or proper to play politics with this nomination. I urge my colleagues to reject the efforts of those who have wrongfully sought to taint John Walters and to support an immediate vote on his nomination.

Finally, I urge Chairman LEAHY not to let this session end without holding hearings for the deputy positions at ONDCP. Mr. Walters needs his team in place. I look forward to working with my Senate Republican and Democratic colleagues and the administration to carry forward our fight against drug trafficking and terrorism.

Let me make one or two final remarks. I was pleased to see the Judiciary Committee pass out the nine additional district judges, one a circuit court judge nominee and eight district court nominees, and, in addition, to pass out two other top officials in the Bush administration and, of course, a number of U.S. Attorneys. I commend our chairman for doing that. I commend him for moving forward on these judges.

We have come a long way from when the criticisms reached their height. We still have a long way to go because there are still 101 vacancies in the Federal judiciary as I stand here today. Frankly, that is probably 101 too many. Be that as it may, we all know that we have to do something about them.

As we prepare to recess, there is one startling fact that needs more attention. On May 9, President Bush nominated 11 outstanding attorneys to serve as Federal appellate court judges. To this date, nearly three quarters of those nominees are still pending in the Judiciary Committee without a hearing. Although all of these nominees received qualified or well-qualified ratings from the American Bar Association, only 3 of those first 11 nominees have had a hearing. At present, there are 30 vacancies in the Federal courts of appeals. Some courts, such as the DC circuit, are functioning under a dramatically reduced capacity.

President Bush has responded to the vacancy crisis in the appellate courts by nominating a total of 28 top-notch men and women to these posts, a number of circuit court nominees that is

unprecedented in the first years of recent administrations. Yet the Judiciary Committee has managed to move just five appeals court judges from the committee to the Senate floor for a vote. Last year at this time we had 67 vacancies in the Federal judiciary. Since Senator LEAHY has become chairman, the vacancy rate has never been below 100. I am concerned that this number will only continue to grow after Congress recesses next month.

I urge my colleagues on the other side to use the remaining weeks of this session to hold hearings and votes on judicial nominees to combat the alarming vacancy rate.

Having said that, I am pleased that the chairman did allow nine judges to pass out today. I hope he will continue to work in a bipartisan fashion with me to pass more out. I am proud to work with Senator LEAHY. I certainly want to cooperate with him in every way I possibly can. I believe the other Republicans on the committee do as well.

There is a lot of criticism that goes back and forth on judges. I have to say, it is difficult to be chairman of this committee. I sympathize with Senator LEAHY on some of the difficulties he has had. I know there are people on his side who would just as soon not have any Bush judges go on through, as there were occasionally on our side. It is very difficult to meet some of the objections and to overcome them and to resolve some of the political problems that arise. We have to do it. We have to stand up and work with both sides to get the Federal courts as full as we possibly can so that justice can proceed, especially in the case of the Circuit Court of Appeals for the District of Columbia, the District Court of the District of Columbia as well, so that we can handle all of the terrorist issues that will come before that particular court.

Having said all of that, I hope we can move ahead with John Walters; if there are any holds, that they will be removed; and if they won't remove them, I hope the majority leader will ignore the holds, bring this up for a battle on the floor, and then have a vote up or down and let the chips fall where they may.

I believe Mr. Walters will be confirmed. I believe he must be confirmed. If we don't get him confirmed, I believe the rate of youth drug use will continue to rise. Frankly, we have had enough of that. We have to get a very tough policy going again on drugs, and that should include both the supply and demand sides.

I will make sure that this new administration, under John Walters, will take care of the demand side as well as the supply side. If we pass S. 304 through the Senate on which Senator LEAHY and I have worked so hard, I believe it will go to the House. I believe they will pass it, and it will go a long way toward resolving some of the really serious drug problems we have among our young people.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS

Mr. REID. Mr. President, I ask unanimous consent that the Senate stand in recess today from 12:30 to 3:30 p.m., and that the time be charged under rule XXII. We will reconvene at 3:30.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REID. Mr. President, for those who are listening, this is really important that we do this. We are privileged today that both the Democrat and Republican caucuses will listen to the Secretary of State, Colin Powell, talk about world affairs. Then we are going to have a briefing upstairs.

It is important that all Senators attend the luncheon with Colin Powell and the briefing upstairs about what is going on in Afghanistan.

We know that a number of Senators have expressed a desire to speak. The junior Senator from Michigan is here. She wishes to speak. I understand Senator CARNAHAN is here. So we will recess at 12:30. Everybody should be advised that the time until then is open. Perhaps we could arrange some times, if that is helpful to the parties here. It is my understanding that Senator CARNAHAN wishes to speak, but I don't know for how long. Maybe we can get things set up so people don't have to wait around. The Senator from Michigan wants to speak for 15 minutes. The Senator from Illinois wants 5 minutes. So we have Senator DURBIN for 5, Senator CARNAHAN for 10, Senator STABENOW for 15, and Senator THOMPSON wants 15.

I ask unanimous consent that the Senator from Illinois be recognized for 5 minutes, the Senator from Michigan be recognized for 15 minutes, the Senator from Missouri be recognized for 10 minutes, and then Senator THOMPSON be recognized for the final 15 minutes. That would take us to the recess.

The PRESIDING OFFICER. Without objection, it is so ordered. The Senator from Illinois.

ECONOMIC STIMULUS

Mr. DURBIN. Mr. President, I thank the Senator from Nevada for his leadership. He works so hard on the floor on a regular basis to make sure things run smoothly and we get about the business of deliberating important issues. At this time, there is no more important an issue than the economic stimulus package. As we move around the Nation, clearly people have lost jobs

and businesses are hurting. We need to spark this economy, to move it forward.

There was good news yesterday on Capitol Hill. The leaders—Democrats and Republicans—came together to start a process to lead to a stimulus package, a recovery package that will truly help all Americans. I have taken a look at many of the proposals here, and I certainly support the Democrats' position that we need to help families who have lost their jobs. If you are unemployed in America today and you are lucky enough to have unemployment insurance, you get about \$230 a week on which to live. Imagine for a moment, as you follow these proceedings, what life would be like on \$230 a week, trying to make your mortgage or rental payment, pay utility bills, buy food for your family, and provide for the necessities. It is very difficult.

Over half of the unemployed workers don't even have unemployment insurance. They have left part-time jobs and they have no help. It is no wonder we are finding that food pantries and kitchens for the poor across America are being overwhelmed with those coming in asking for help at the end of the year. It is important that we remember these people as part of the stimulus package. Money given to these families is money that will be spent on the necessities of life, and that would be an expenditure that would not only help them but equally important, spark the economy because they are going to be making purchases that help retailers and producers of goods and services across America.

In addition, health insurance is one of the first casualties of an unemployed family. And \$500 or \$600 a month for a COBRA plan, a private health insurance plan, is beyond the reach of most families. Think for a moment. If you are one of those lucky Americans, such as myself, whose family is insured, what would it be like to know that tomorrow your health insurance is gone; you are one accident or one illness away from disaster?

We don't want that to happen to the families of the unemployed. That is why the Democrats pushed hard to keep that in the package.

Let me tell you another thing we can do to spark the economy. We need a tax cut that will have an immediate impact and is fair. One I have talked about over the last several weeks—Senator DOMENICI of New Mexico raised it as well—is a Federal tax holiday. It means that for a month we would suspend the collection of Federal payroll taxes on employees and employers across America. What is the impact? If your family earns, say, \$40,000 a year, it means that in that month-long payroll tax holiday you would see an additional \$250 in your paycheck, \$250 at the end of the year for important purchases for your family, for holiday purchases, for year-end purchases that you might otherwise have put off.

The good thing about this approach is that it is fast, focused, and it is fair. It not only helps workers, every worker who gets a payroll check, it is going to help businesses, particularly small businesses.

Let me give you an illustration. If you had a small business with 100 employees, with each employee having an average income of \$40,000, it would mean for your small business, in that month-long holiday period, an additional \$25,000 in tax savings. Why does small business need that? The last time I talked to people running a small business, they told me, for example, the increase in health insurance premiums is causing a real problem and hardship. So they can turn around and make sure their employees are covered and also have this money through a tax holiday.

This idea has strong bipartisan support. It certainly makes more sense for us to spend the \$30 billion involved in this proposal rather than to put it on a tax cut for people in the highest income categories in America. This payroll tax holiday, which I and Senator DOMENICI and others support, would be focused on helping employees and employers across America. We can do this. The Congress can enact it. We can say to the American people, even before this holiday season comes to an end, we are going to provide them a real tax cut and real tax relief.

I hope as part of our bipartisan package we can include this provision. We can get this economy moving and do it in the right way, and do it in a fair fashion.

I yield the floor.

THE PRESIDING OFFICER. The Senator from Michigan is recognized.

Ms. STABENOW. Mr. President, I rise to commend my colleague from Illinois for his comments. I wish to associate myself with the comments of both Senator DURBIN and Senator DOMENICI, who are involved in advocating common-sense approach to put money in people's pockets immediately. I congratulate them for doing that.

I also rise to speak about what needs to happen in terms of economic recovery and an economic stimulus package. I commend our leader, Senator DASCHLE, for bringing together the leaders for discussions. I thank the leaders on both sides of the aisle for sitting down together to move this measure because we do need to move quickly on a stimulus and recovery package. But we all know it has to be the right thing.

I am very concerned about what the House Republicans passed and the fact their approach is so very different from what mainstream economists are telling us needs to be done in terms of moving this economy forward quickly. What we saw in the House was an attempt to place into law another round of large tax cuts for the top 1 percent of the public, and literally billions of dollars in tax cuts for the largest multinational corporations—supply-side

economics at its best—hoping that it would trickle down somehow in time to help small businesses, workers, professionals, middle-income people, somehow that it would trickle down in order for people to be able to receive some kind of assistance during this recession.

We know in the past that approach has not worked. I am here today to encourage us to do what mainstream economists across the board have suggested we do, which is to put something in place that is immediate, temporary, and stimulates the economy by putting money directly into people's pockets. I think the payroll tax holiday is one good way to do that. It would certainly support small businesses.

We hear a lot of talk about big business in the Congress. Yet small business is the fastest growing part of our economy, employing millions of people. They, too, have been affected—many times more so by what happened in terms of the recession. We need to make sure we are focusing on support for small business, whether it is being able to write off investments more quickly, whether it is a payroll tax holiday. I think supporting small business in this equation is very important.

I want to share some facts. We know that if we focus on those who have lost their jobs, whether it is through the airline industry since September 11 or other jobs in our economy, when we give dollars directly to those who are unemployed, they turn around and buy groceries for the family, school supplies, Christmas, or other holiday gifts. Those activities are important to keep the economy going. It moves the economy along, and it helps our families. It is a win-win situation for everyone.

Studies have also shown that for every \$1 invested in unemployment insurance, we generate \$2.15 in the gross domestic product. A 1999 study by the Department of Labor estimated that unemployment insurance mitigated the real loss in GDP by 15 percent. That is real, that is measurable, and it is an immediate stimulus to the economy. In the last 5 recessions, real loss of GDP was mitigated by 15 percent, and the average peak number of jobs saved was 131,000 jobs.

Economists are telling us that this is not just about doing what is fair; it is the best solution. It is the best way to stimulate the economy. Joseph Stiglitz, co-winner of the 2001 Nobel Prize in Economics, has stated: We should extend the duration and magnitude of the benefits we provide to our unemployed. This is not only the fairest proposal but also the most effective. It is the most effective for the economy. People who become unemployed cut back on their expenditures. Giving them more dollars will directly increase expenditures and improve the economy.

We are talking about a demand-side approach. The Republicans in the House of Representatives have said

trickle-down economics, supply side, that is the way to get the economy going. Economist after economist has come forward to say the problem is not supply. In my State of Michigan where we make outstanding automobiles, trucks, and SUVs, we want folks to purchase those vehicles. We know the problem is not supply; the problem is demand and people having a job, having income, and being able to purchase that vehicle. It is demand side, and that is what the economists are all telling us.

I want to speak about the economy and why we need to expand the unemployment insurance needs and modernize the system and why the Senate Democratic approach is so important to women in our economy.

When we look at unemployment insurance today, only 23 percent of unemployed women meet the current unemployment insurance eligibility requirements. Only 23 percent of unemployed women meet the eligibility requirements of unemployment insurance. Women who are heads of households and families dependent upon two incomes are disproportionately and unfairly affected by layoffs and by our current unemployment system.

That is why the Senate Democrats have put forward a modernization of unemployment compensation by covering both part-time and low-wage workers. This proportionately helps women more than it does men because women are more likely to be in part-time positions or in lower wage positions.

Unfortunately, the administration plan and the House plan do nothing to include part-time or low-wage workers. Sixty percent of low-income workers are women and 70 percent of part-time workers are women.

I believe it is important for us to understand that those part-time workers may be care giving for their children, may be care giving for a mom, a dad, a gramps or grandma who need assistance. They are fulfilling other family obligations while providing important income for their family. They should not be left out of the economic picture. When we are looking for ways to support the economy and working men and women, we need to remember those women who are working part time or are in low-wage professions.

Women are the majority of workers in industries that have been hardest hit by the economic downturn: 56 percent of retail sales, 69 percent of restaurant and wait staff, 65 percent of kitchen workers, 79 percent of flight attendants.

I find it so disconcerting that here we are, long past September 11 when we immediately responded to the concerns—and I supported doing that—of the airline industry to help them recover from what happened on September 11, we have yet to pass a bill to support the people who work in that industry.

We were promised that if we dealt with the industry first, we would come

back to those hundreds of thousands of airline industry-related workers who had been laid off. Yet we have not done that. Again, we see that this disproportionately affects women.

Also, women only earn 76 percent of men's median income, and women of color earn 64 percent of the wages of working men. As a result, women have a greater need for income replacement when they are unemployed. It is important to note that we are talking about women who are providing a significant percentage of their family income, in addition to caring for their children and caring for older adults and all of the other work in which women are involved. For poor female heads of households who work part time, their earnings represent 91 percent of the family income. If they lose their job, we are talking about 91 percent of the family income disappearing. Failure to replace the wages of part-time workers through unemployment insurance benefits detrimentally impacts working women and their families.

This is about doing the right thing in stimulating the economy. It is about coming up with ways that support small business, as well as large, and our workers. It is about tax cuts that go to low- and moderate-income people who will put that back into the economy.

Also, this is about making sure we remember the large part of our workforce, our women, who are disproportionately affected by the current unemployment system. It is designed in a way that unfairly penalizes women who are working part time while caring for their children and caring for loved ones at home or working in important but very low-wage jobs.

This debate about stimulating the economy, about economic recovery, is incredibly important for everyone. We need to keep an eye on the fact that the policies we set may, in fact, have different results for working women than for working men, and we need to remember women and their families as we put together this economic recovery package.

I urge we do what is right, what is fair, and most importantly what is effective, what the economists across this country have said we need to do, put money into the pockets of working people and those who are unemployed, and make sure we do not forget our small businesses as part of this economic recovery process.

The PRESIDING OFFICER (Mr. NELSON of Florida). Under the previous order, the Senator from Tennessee is recognized.

Mr. THOMPSON. Mr. President, I want to address some of the issues my distinguished friend from Michigan has been discussing. First of all, not only can we not agree as to what belongs in the stimulus package, we cannot seem to agree in the Senate, unfortunately, as to what our priorities ought to be. We are a nation at war and in recession. Those ought to be our priorities.

Yet we are talking about railroad retirement, we are talking about farm bills, everything but what we ought to be discussing.

We ought to be talking about the issues my friend from Michigan has raised concerning the stimulus package. I will address that for a few moments myself. There is no doubt for some time now there has been pretty much a consensus on the idea we need a stimulus package. Later on in my remarks I will discuss further whether or not that is really necessarily true. I think there has been a consensus, but there certainly has been no consensus as to what we ought to do about it and what belongs in it.

In fact, there is no consensus as to what in fact stimulates the economy. Everybody has their own ideas. We have our own ideas in this Chamber, and we state them authoritatively. But it is not only us, it is the economists. We cannot really say the economists think this or say that. They think everything and they say everything. They are on all sides of all of these issues. So are businesspeople, labor people. Remarkably, their economic philosophy seems to somewhat coincide with their vested interest, which is not really different from the rest of us, I suppose. That is the situation we are confronting.

I want to discuss for a moment where we are, examine the validity of the ideas we are using in support of our positions in general terms, and then discuss what we should do about it.

Assume for a moment this is not a political issue. One could make that case. There have been a lot of disparaging remarks about certain provisions in the House bill. There certainly have been a lot of disparaging remarks about what came out of the Senate Finance Committee, all the pork and unrelated items, but we can put that aside for a moment. We can put aside the remarks of the former adviser to President Clinton, who in a local publication said it is in the Democrats' self-interest to defeat a stimulus package or not have one because it might affect the economy negatively and President Bush would get blamed for a negative economy. I do not think that is the way most of my colleagues believe, but those thoughts exist.

Unfortunately, we do spend a little bit too much time in this body talking about how to divide the pie instead of trying to figure out how to make the pie bigger, who is going to get what. There is the tax-cuts-for-the-rich rhetoric, of course, we all have heard, ignoring the fact that 80 percent of the individual tax cuts would go to small businesspeople who provided 80 percent of the new jobs over the last decade.

I must say I find it somewhat ironic that every time we get into the stimulus discussion, we talk about tax breaks for the rich, when the same folks who make those arguments are also promoting a farm bill where 10 percent of the richest people in farming get 61 percent of the benefits. So

tax cuts for the rich are bad, but pork for the rich is good.

Let us set all that aside for a moment, take the political aspects out of it, and talk about the economics of it. Basically, we have two different economic views in this body—at least two main ones—as to what in fact does stimulate the economy. We each make statements as to what will stimulate it and what will not, but we never provide any authority or any evidence or any historical precedence for what we are saying.

There are four or more proposals now before us: The House bill, the Senate Finance bill, the President's bill, a compromise that is being worked on; a lot of things in common among all of those bills: Rebates for low-income folks, additional unemployment benefits, health care provisions. We disagree on the amounts of those, but those are pretty much common to all of these proposals, and if a stimulus package passes, that is going to be in there. That is where the similarity breaks down and the division begins.

There is nothing wrong with philosophical divisions. That is why we have elections, and that is why we have parties. Everyone is entitled to their opinion, but they are not entitled to their facts or their history. Let us examine which side is supported by history or precedent or facts and which is not.

On our side of the aisle, we basically think the majority of the package ought to be tax cuts for the private sector, working men and women who are carrying the load and paying the taxes, and that includes a speed-up of the reduction of the individual tax rates. That way, people can get not just an extra check in their pocket one time, but they can rely on a tax system that is going to be lower, and they can look at it in the future and base their conduct, whether it is additional work or additional investment, on a tax code that has been changed to their benefit on out into the future, not just a check but a change of policy. That is what we believe.

Our friends on the other side of the aisle basically seem to think the way to stimulate the economy is spending by the Federal Government, and therein lie the differences and the debate. Our friends on the other side of the aisle and some on our side, and many in the media and some economists, point out we need to get money into the hands of the consumer by means of the Federal Government, which incidentally is money that either has to be borrowed or on which people have to be taxed. That is where the Federal Government gets its money and redistributes it to others in the form of checks which they will immediately spend.

The argument goes, the lower the income level, the more likely they are to spend it. So getting checks into the hands of consumers will stimulate the economy. The problem is there is not any evidence to support that proposition. I know it is often said. It might

even be considered to be common wisdom at this stage of the game. But I submit all of the evidence and historical precedent indicate Federal spending programs designed to grow the economy have not proven to be successful.

What are my citations for that? I am accusing other folks of not giving their reasons, historical precedent or evidence. "Thompson, what are your citations?" one might say. I cite studies prepared by the Joint Economic Committee back in 1988. I cite the 1930s, when in an attempt to ameliorate the effects of the Great Depression, we saw a percentage of the gross domestic product in this country almost triple while unemployment doubled.

I cite the case of Japan. They have been trying to do this for decades—spend themselves into prosperity. They have had 10 separate spending stimulus packages in the 1990s, to no effect. France and Sweden have had similar problems. I ask, if in fact we really run our economy based on an ATM principle, where we have it figured out, that we have to put in our card, our solution, our congressional solution, and out comes the result we want, why do we ever tolerate recession anyway? Why do we not print some more money? Why do we not send out some more checks? Why do we ever sustain the average recession of 11 months? Why do we go that long if that is the solution? It is an easy solution and an easy one to understand. I submit it is because it has not proven to work.

On the idea the poor will spend more, there is no historical evidence for that either. It might seem logical, but a lot of things that seem logical are not borne out in real practice. The last time we sent checks out, 18 percent of people spent them. According to the Presidential adviser, Mr. Hubbard, I was reading the other day he says all the economic evidence is that people spend at various income levels. People basically spend the same percentage. We already have the budget with \$686 billion in spending, an additional \$40 billion that has been allocated, and an additional \$15 billion in airline support.

Certainly, when we hear of economists saying this is a solution, you would not want to include Mr. Greenspan in that category. He doesn't say that spending is the way to do this. He says if we do it, we cannot do it fast enough to have any effect anyway. In fact, by the time it kicks in, by the time our governmental spending kicks in and the checks get in the mail, are received and spent, even if it works the way we want it to, it will be too late. If the average recession lasts 11 months—and ours started last March—we are going to have to hurry up or the doggone recession will be over before we act and we will not get credit for anything. There is no way we can possibly have anything that affects the economy by next February or spring. We could assist it if we did exactly the right thing. Is it worth \$100 billion

under those circumstances, when we cannot agree on the components? I question that.

What about the other side? I have been talking about the philosophy of Federal spending being the answer to stimulating the economy. What about this side of the aisle? As to the idea that the private sector is the source of the solution for recession and that tax cuts, and especially marginal rate cuts, is an integral part of that, what about the evidence for that? I submit the historical evidence to support that proposition is just as clear as the historical evidence that fails to support the Federal Government spending proposition.

The evidence is, those kinds of tax cuts not only grow the economy but they produce more revenue to the Federal Government. President Kennedy pointed that out. He said: It is not a matter of either tax cuts or higher deficits; the more you cut taxes, the more revenue you will generate. Of course, he was right.

Incidentally, the rich pay more as a percentage of the taxes paid when you have the marginal rate tax cuts than beforehand. At every level it is borne out, and especially marginal rate reductions, which encourage work, encourage investment, are the kinds of action that get the economy going. Sending someone a check to buy a pair of gym shoes will be momentarily beneficial to somebody, I suppose, but that is not the kind of policy that strengthens our economy or causes that money to recirculate or to be there for a longer period of time.

What is my historical evidence? I refer to the 1920s, the 1960s and the 1980s. During those periods, the country went with that approach. In every instance, we had more economic growth, more revenue to the Federal Government, and the richer paid a higher percentage of the taxes that were paid in terms of dollars. From 1961 to 1968, the economy expanded 42 percent because of President Kennedy's tax cuts, over 5 percent a year. I would settle for that. We could use a little of that right now.

When you look at the package from the Finance Committee or what is being talked about in the Chamber by my friends on the other side of the aisle, the best I can figure is, only 20 to 25 percent of the possibly \$100 billion package would in any way justify being called stimulative, if you look at the evidence and do not just pick this economist's statement who is aligned philosophically with one group or another economist aligned with another group or someone who comports with our own philosophy.

My concern is that in all this compromise language talk, we will say, OK, let's do what we often do around here and take both of them: Have the tax cuts and additional spending. That is what got us in trouble before. We do not need to go that way. Not only would it not be good, it would be harmful.

We will need that revenue. If we had good reason to believe such an approach that just gave pennies on the dollar to stuff that would be stimulative, and the rest would make us feel good and help us with certain voters in certain segments of the economy—we are all concerned about the unemployed. I am as concerned about unemployed in Tennessee as unemployed in New York. They are all unemployed and all deserve our consideration, and they will under these bills, but they will not stimulate the economy.

We have only begun to assess the costs of what happened in September. We know now almost overnight not only will we have to spend a whole lot more in our defense budget, but we have law enforcement, public health facilities, nuclear facilities, government buildings, Border Patrol, post offices, airports, mass transit. Those are all directly at the feet of the Government and the private sector. We have handling of the mail, insurance costs, transportation costs. Somebody said it is not that “just in time” philosophy with the average business, it is “just in case” philosophy. That will cost money. Slowing globalization has hit a lot of company pockets; computer security—all these things cost a lot of money in the public and private sectors. Unless we are very sure what we are doing with \$100 billion or \$85 billion, we should not do it.

Now the OMB Director says we will be in deficit at least until 2005. If we cannot at least get half of a stimulus package that stimulates the economy, we should not do it. We do not know how long the recession will be. If it is average, we have already bottomed out and are working our way back. Nobody knows for sure. But we do know retail sales are up, unemployment stabilized, low oil prices, and interest rate reductions have put more money into the consumer's hands faster than the Federal Government could. The stock market is not doing too badly.

We should give ourselves a chance. There is a good argument to be made that we can do the right thing, have policy that stimulates the economy, which is the private sector, and a large portion has to be tax cuts and rate reductions which are tried and true. We can also make some compromises and do some things in terms of spending that many think are not stimulative but within the bounds of political reality, realizing that has to be part of the package, and have a decent mix and maybe do some good. Anything less than that, I fear, would do harm.

I hope the President draws the line and says something to the effect, if part of this package cannot be stimulative, I will veto it. I think that is a position we ought to take. I don't think we have been talking about this for so long and the markets are so convinced and have been convinced that this is what we are going to do and it is such a great idea. I don't think they are paying that much attention to us in

that regard. I don't think that train is down the track that far that we have to pass something, regardless. I will not vote for something “regardless” that is, in the long term interests, detrimental to the economy of this Nation. But it will be unfortunate if we do not have the opportunity to do something that would be beneficial and come together on something that would be beneficial.

I still hope we will be able to do that because I think that would be the best solution for the economy and for the Nation.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. CORZINE. Mr. President, I wonder if the senior Senator, the distinguished Senator from Tennessee, would respond to a question.

Mr. THOMPSON. Yes.

Mr. CORZINE. I wonder if the Senator is familiar with the Federal Reserve's view of how they model or look at the economy, and how tax cuts and spending cuts work through the economy. We just had a Joint Economic Committee meeting yesterday in preparation for that. We went back and looked at some of their models which are based on statistics and observations through time.

When you were commenting earlier, I thought it would be worthwhile if I mentioned that, at least according to the Federal Reserve's models, spending has a multiplier effect of 1.4 times in the first year relative to tax cuts, which have about a half of 1 percent impact in the first year.

Sometimes when you drag those out over a longer period, you catch up with the benefits of taxes, depending on the nature of them. But there is solid evidence in the economic community, and I think among the Federal Reserve, that spending can have and often does have meaningful multiplier effects on the economy. That is why so many people would argue, and I think they would argue based on fact, or at least data, that there is reason to believe that spending does have a positive impact on the economy.

Mr. THOMPSON. I will respond to my friend that I do not doubt that. I do not know the details of how they do that. I am aware that they do it. I do not doubt, as I have indicated, someone, going down at the micro level, going down and getting a check and buying some goods has some effect; that a lot of people doing that might not have some effect.

I think the difference has to do with short term versus long term. The history I have read on the subject concerning a concerted effort by the Government, with Federal spending programs over a period of time—whether it be the United States in the 1930s, or Japan for the last decade—has not proved beneficial, has not brought about growth. So we might be talking about the difference between microeconomics and macroeconomics. I am

not sure. I do not dispute the statistic that the Senator gave, but I think the studies that were done from the Joint Economic Committee back in 1998 is the other side of that coin.

Mr. CORZINE. Would the Senator comment on whether he believes unemployment benefits tend to get expended or not in the process of going to people who have lost their jobs? Do you think that goes to savings? Is that what I am reading you to say?

Mr. THOMPSON. No, I think you can assume in most cases, if you are talking about that very small part of the economy that has to do with unemployment benefits, that those checks probably are spent.

My concern, I suppose, is that if you expand that concept, then why not send everybody a check. A lot of people laughed at Senator McGovern several years ago—what was the size of the check he wanted to send everybody, \$1000? Why not extrapolate that concept, if the concept is the solution?

I think there is some factual validity to what you are saying. But I am saying if you expand that concept in terms of the overall economy, the evidence is not there to support it.

If it is that simple, if that is the solution, why do we ever put up with a recession? When we first see one, why don't we decide to whom we want to send the checks and get it over with and the economy will bounce back?

Mr. CORZINE. I appreciate the remarks of the distinguished Senator. I think there really is—the point that I was trying to make—some evidence that spending does have meaningful impact on the growth of the economy. I will make sure I send you over a copy of the Federal Reserve Bulletin's commentary on this so you can get a sense of what this is about.

Mr. DASCHLE. Mr. President, I ask unanimous consent the recess be postponed until 1 o'clock.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DASCHLE. Mr. President, 5 months ago, America had a projected budget surplus of \$2.7 trillion over the next 10 years. The stock market was soaring. The question before us was one that most leaders could only dream of: “What should be we with out prosperity?”

At that time, we came to this floor to debate our Nation's fiscal future—how could we sustain that hard-won prosperity, meet our great unmet needs, and, yes, provide meaningful tax relief for millions of American families.

Democrats put forward a balanced plan that maintained our fiscal discipline, while at the same time making sound investments in our children, our health, and our security, and provide tax relief.

Because we recognized how fragile and inaccurate budget projections are, we left room to deal with an economic downturn or an unforeseen emergency.

Unfortunately, our approach was not the one that prevailed.

Instead of a balanced and fiscally responsible plan, we ended up with one so top-heavy with tax cuts, it left little room for other investments, and no flexibility for a change in circumstances.

I made no secret of the fact that I was unhappy with that debate, and its outcome. But based on the administration's predictions—and assurances—that we could afford such cuts without running into deficits or shortchanging our priorities, the majority of my colleagues voted for it.

Early this morning, just several months after receiving those assurances, and several months into the administration's 10-year plan, we now learn that the White House budget director is predicting that our government is likely to run budget deficits until 2005. This is a stark reversal from the situation this administration inherited less than a year ago.

This is a marked departure from the rosy predictions we were being offered just months ago.

So, how did this happen? Let's start with how it did not happen.

As deeply as the September 11 attacks impact our lives, our security, and our economy—they are not responsible for the fiscal situation in which we now find ourselves.

While the attacks of September 11 seemed to change everything in a moment, the economic trends before September 11 were clear.

As a panel of economists announced earlier this week, our economy had officially entered a recession in March.

Neither does our current situation have to do with congressional spending.

We have not spent a dollar more than what the President and the Congress agreed to, either in the course of the normal appropriations process, or in response to the events of September 11—not a dollar.

Although we have taken a great deal of action in the aftermath of these attacks—supporting the President's use of force in Afghanistan, keeping the airlines solvent, giving law enforcement additional tools to combat terrorism, and strengthening airport security—to date, we have actually spent less than \$40 billion. So why are we now facing deficits when just months ago we were looking at years of surpluses?

Regrettably, what we feared then is what we are faced with now. The economic plan that was passed ate up nearly two-thirds of what was an optimistic prediction of our 10-year surplus. It left no room for an economic slowdown, or an unanticipated emergency.

As Robert Reischauer, the former Director of the nonpartisan Congressional Budget Office said:

Had we not had the tax cut, it's likely that we would have skated along with close to a balanced budget, despite the costs of the war and the effort to contain terrorism.

Even more ominously, the administration warned that decisions about

taxes and spending in the next year "will determine whether we ever see another surplus."

Despite the fact that some of us did not approve of the plan that got us here, all of us should now work together to make sure that we pass an economic recovery plan that helps—rather than exacerbates—the problem.

As we consider a package to stimulate the economy, we need to be extremely careful to pursue a policy that is temporary, truly stimulative, and—now more than ever—fiscally responsible.

As I look at the Republican proposals, I am disappointed to see that they are based on tax cuts that fail these simple yet essential tests, and they do little or nothing for the dislocated workers who most need our help.

In the weeks since September 11, Democrats and Republicans have been able to work together in a way that I haven't seen in all my time in Washington.

Our ability to speak together and work together is one of the reasons, I believe, we have been able to do so much, so quickly, in response to the attacks and the continuing terrorist threat. The fiscal outlook we are now facing is as serious as anything we have faced to date.

We need to renew that same spirit, if we are to address this problem as well.

Right now, we have an opportunity to help those who are hurting, and lift our economy in the process.

It is an opportunity we cannot afford to lose.

I appreciate the opportunity to come to the floor because I do fear with these economic projections—we have said on several occasions we knew the real possibility existed—that we will revert right back to the bad old days of deficits and huge new debt. I never dreamed it would be this soon. I never dreamed we would be talking in the third quarter—now the fourth quarter of this calendar year and the first quarter of the new fiscal year—that we would have deficits well into the third year beyond this year.

That ought to be as strong an indication as we ever need that what we did last spring was a mistake; that what we did in economic policy with the passage of that tax cut was a disaster, not only for our economy but for our ability now to respond to the array of challenges we face in the aftermath of the crisis of September 11.

How sad it is that the legacy of the last 8 years did not last longer than a few months. I am very hopeful we will take to heart the admonition of the Budget Committee chairman who has asked every Member of our Senate body to look very carefully at the report made by the OMB Director, to look at it with the recognition that, as we face these other additional challenges, whether it is the economic stimulus plan or the array of other challenges we face as we meet the

needs of our current situation in fighting terrorism, that we do so prudently and with the recognition that a major mistake was made last spring.

I yield the floor.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. DAYTON. Mr. President, I ask the Chair, are we under an earlier agreement for a time limit?

The PRESIDING OFFICER. The Senator is correct. Senator CARNAHAN will have 10 minutes, but there is not a particular sequence.

Mr. DAYTON. Mr. President, I ask unanimous consent that at the conclusion of Senator CARNAHAN's remarks I be granted 10 minutes in morning business, and following the conclusion of my remarks Senator REED be granted 10 minutes, and that the time be charged against postcloture.

The PRESIDING OFFICER. Under the previous order, we are to recess at 1 o'clock. Is the Senator asking to extend that time?

Mr. DAYTON. No. I am not asking to extend the time. Maybe the Chair could clarify exactly what we are in.

The PRESIDING OFFICER. We have 16 minutes remaining before the recess time. Under the previous order, the Senator from Missouri is recognized for 10 minutes. That leaves 6 minutes remaining.

Mr. DAYTON. Mr. President, I ask unanimous consent that order be modified: That at the conclusion of Senator CARNAHAN's remarks, I be granted 10 minutes to speak as in morning business, after which Senator REED be granted 10 minutes to speak in morning business, the time be charged against postcloture, and the time for the recess be extended until the completion of Senator REED's remarks.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The Senator from Missouri.

Mrs. CARNAHAN. Mr. President, I am very encouraged to hear that the leadership has begun negotiations regarding the stimulus package.

Congress has been paralyzed on this issue for weeks now. And while we sat here at an impasse, economists confirmed that our Nation is in a recession.

We must act quickly to jump start our slowing economy. It is well past time for us to find common ground.

As we seek compromise, I encourage my colleagues to keep in mind the goal of a stimulus package.

In order to truly promote economic growth, the policies we approve should take effect immediately, they should have a temporary cost, and they should focus on those individuals and businesses most likely to spend and invest additional cash.

These are the bipartisan principles that we started with. These principles ought to guide our negotiations now.

A wide range of proposals will be on the table for this negotiation.

The Republicans have a plan, and the Democrats have a plan. The Centrist Coalition has its own proposal.

From among all these ideas, we must put together a balanced, reasonable package.

In the end, the stimulus package needs to promote business investment, spur consumer demand, and assist those Americans who have lost their livelihoods during this recession.

Shortly before Thanksgiving, Senator DOMENICI, with the support of my colleague from Missouri, Senator BOND, added a new and interesting idea to the debate. They suggested that Congress should provide a payroll tax holiday for the month of December. This idea has some merit. It would distribute benefits across a broad range of taxpayers, including most individuals who earn less than \$80,000 a year. And it would provide needed cash to businesses based on the size of their payrolls.

However, the question remains:

How does this new idea fit into the overall stimulus debate?

It has been suggested that a payroll tax holiday could substitute for proposed rebate checks to low-income workers.

I have serious reservations about such a tradeoff.

Rebate checks of \$300 would go to low-income workers who have not yet received any tax refund this year.

Let me give you an example.

A single mother working full time at a minimum wage job would probably be eligible for a \$500 rebate check. This money could help her put food on the table, or cover the rent, or keep her old car going a few months more.

However, under the Social Security tax holiday, she would receive about \$50 worth of tax relief—not enough to make a real difference.

That is not a fair trade.

I am sure that the single mother who is struggling to make ends meet would not consider that a good deal.

This is not to say that the payroll tax holiday has no place in a stimulus package. Rather, I simply suggest that it is not an appropriate substitute for tax relief for our lowest income workers.

In spite of this observation, I think that the payroll holiday may have a place in the stimulus package. The payroll tax holiday has the benefit of providing assistance to both workers and businesses. It is therefore appropriate that it be included in place of other individual and business tax cuts under consideration.

I propose that the payroll tax holiday is appropriate in lieu of two proposals in the House bill: The acceleration of the 28 percent tax rate cut, and the repeal of the corporate alternative minimum tax, or AMT.

Let us first look at the impact of my suggestion for individuals.

Under current law, the 28 percent tax bracket is scheduled to be reduced to 25 percent by 2006. It has been proposed that it would be stimulative to implement this cut next year. This tax cut would benefit married couples filing

jointly with income over \$45,000, and individuals who earn more than \$27,000. This is approximately one-quarter of all income tax payers.

On the other hand, a payroll tax holiday will help almost all taxpayers.

Americans are subject to payroll taxes on the first \$80,400 of income per year.

In other words, every worker who has earned less than about \$80,000 by the end of November would get a tax break. And very importantly, the payroll tax break is immediate and temporary.

If we accelerate the rate cuts next year, it will still cost us money in 2003, in 2004, and in 2005.

In all, over the next 10 years the accelerated tax cuts could cost \$78 billion. But only the money put into workers' hands now can stimulate the economy. The payroll tax holiday would inject more money into the economy now. It would cost less in the long run than accelerating rate cuts. And it would benefit a much greater number of workers. In short, the payroll tax holiday meets our basic principles for stimulus and accelerating rate cuts simply does not.

Now I will discuss the impact of my suggestion for corporations. The House-passed stimulus bill and the proposal made by Senator GRASSLEY would repeal the corporate alternative minimum tax. Elimination of this tax would cost approximately \$25 billion next year.

Let's be clear. This is a tax paid by profitable corporations that would otherwise pay no tax at all. By contrast, a payroll tax holiday would benefit all corporations.

Under current law, corporations pay a Social Security payroll tax equal to 6.2 percent of each employee's income up to \$80,400 per year. With a payroll tax holiday for the month of December, these businesses would save \$19 billion.

This is additional cash infused into virtually all businesses. It would help our small businesses, the true engine of our economy. The size of the tax benefit is linked directly to the wages the company is paying to its employees. This tax cut would make it easier for businesses to keep workers on their payrolls, and that is the whole goal of this stimulus package, to keep America working.

Congress ought to act quickly to reinvigorate this country. In order to do so, we must be willing to compromise. While I may not think that a payroll tax holiday is the perfect way to stimulate our economy, I understand compromise, and I am willing to support Senator DOMENICI's proposal, if it is offered in place of these other tax cuts that are unpalatable to me.

This is a compromise that makes sense to me. It makes sense to that single mother who is trying to make ends meet. It makes sense to most businesses which would not benefit from a repeal of the corporate AMT. And it makes basic sense, based on the principles that were laid out by the House

and Senate Budget Committees at the beginning of this year, that the effects of the stimulus be temporary, immediate, and focused on those most likely to spend the investment.

I hope my colleagues will join me in support of this sensible compromise.

Thank you, Mr. President.

The PRESIDING OFFICER. Under the previous order, the Senator from Minnesota is recognized.

Mr. DAYTON. Mr. President, during the last few weeks we have all heard about and discussed many ideas and proposals for inclusion in the economic stimulus legislation. In fact, one of our difficulties is we have so many meritorious proposals that we could not possibly fit them all in, even if we could all agree on them.

One proposal of which I have heard recently, and one I believe may have merit, deals with tax provisions which apply to many families and small businesses throughout the country. Many were taxed for years under subchapter C of the Internal Revenue Code. In recent years, with the liberalization of the rules under subchapter S of the code, many of these businesses have elected a sub S status, which means, in general, all corporate income is taxed at the shareholder level, not to the corporation as a separate legal entity.

One exception to this rule applies to built-in gains which are taxed at the corporate level in full and at the shareholder level in full for 10 years after a C corporation converts to an S corporation.

The original and primary purpose of this tax on built-in gains was to prevent C corporation shareholders from converting to subcorporation status and thereafter immediately being able to liquidate or mix corporate distributions with only the single level of taxation applicable to an S corporation as opposed to the double layer taxation applicable to a C corporation.

Unfortunately, however, this proper purpose also prevents the shareholders of an S corporation from selling corporate assets without incurring a double tax even if the proceeds are not distributed to shareholders but instead are reinvested in the business to help create new jobs and stimulate the U.S. economy.

This tax burden makes it difficult, if not impossible, for many families and small businesses that have elected S status to access the capital of the business to help stimulate our economy.

This proposal would provide for the elimination of the built-in gain tax where the entire proceeds of the sale are reinvested in the business. In other words, it would permit the business owners to do what we should want any good business to do as much and as often as possible: expand the business and create new jobs. That should be the foundation of our economic stimulus legislation. It will also be the foundation of our national economic recovery.

All of us know that small businesses provide most of the jobs in America.

Their abilities to do so have been long-standing concerns of Republican and Democratic Members of this Senate body for many years.

When I worked as a legislative assistant in 1975 and 1976 for one of Minnesota's greatest Senators, Walter Mondale, one of my areas of responsibility was to staff him on the Senate Small Business Committee. The committee operated then, as I understand it does now, largely in the spirit of bipartisan cooperation to help encourage and assist in the creation and growth of as many American businesses as possible.

This proposal presents us with an important opportunity to take another step in that direction.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 6 minutes 39 seconds remaining.

Mr. DAYTON. I thank the Chair.

Mr. President, I also wish to express my strongest possible support of the Railroad Retirement and Survivors' Improvement Act of 2001. I would like to thank Senator BAUCUS and Senator HATCH for offering this important legislation.

My office has received hundreds of calls and letters from current and retired railroad employees. From St. Paul to St. Cloud, from Brainerd to Duluth—from everywhere in Minnesota—railroad retirees and current railroad employees understand the critical need to pass this legislation now.

My very good friend Tom Dwyer, originally from Hibbing, MN, has been working on railroad retirement issues since 1973. He also was a clerk for different railroad companies for 35 years until he retired in 1997. Tom is now the legislative director for the National Association of Retired and Veteran Railway Employees.

Advocating for retired railroad workers, widows, and widowers is Tom's life work. He reminds me that this debate is not over Government money. This bill is about the pensions that workers have paid into this fund. It is their money.

Throughout our country, there are 673,000 railroad retirees and families and about 245,000 active rail workers. Minnesota's Eighth Congressional District, up in the northeastern part of our State, ranks 10th in the Nation in the number of retired and active railroad employees. Throughout our State there are over 18,000 retirees and their families depending on railroad retirement benefits.

In addition, over 5,500 Minnesotans are presently working for the railroads. They will eventually need pensions for their retirement.

All of these fine men and women have worked hard, and they all deserve the best possible retirement program. They know better than we what kind of retirement program is best for them. They paid in the money, out of their paychecks, for all their working years, and all they are asking us to do now,

by passing this legislation, is to return to them their money in a way that is best for them.

What could be controversial about that? Which one of us, if we were in their shoes, would not want the same and think we deserve it. They are right. And they do deserve it.

This bipartisan legislation presents a historic opportunity for our Nation's railroad retirement system. Senator BAUCUS and Senator HATCH deserve tremendous credit, and they have my gratitude, for bringing together railroad companies, labor organizations, and retirees to work together to modernize this system. The result of all that hard work is this legislation, which provides better and more secure benefits, and which does so at a lower cost. What could be better than that?

I say, let's vote on this bill today and pass it.

I thank the Chair.

The PRESIDING OFFICER. Under the previous order, the Senator from Rhode Island is recognized.

Mr. REED. Thank you, Mr. President. I ask unanimous consent that, at the conclusion of my remarks, Senator GREGG be recognized for 10 minutes, and upon the conclusion of his remarks, the Senate stand in recess under the previous order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. REED. Mr. President, I am privileged to serve as the vice chairman of the Joint Economic Committee. The Democratic staff of the Joint Economic Committee issued a very pressing report about America's economy. I would like to read from the first paragraph of the Executive Summary.

New reports from the Bush Administration's Office of Management and Budget and the Congressional Budget Office confirm that the combination of the large tax cut and the worsened economic situation have essentially eliminated any expected on-budget surplus for the next five years. Indeed, there is a growing possibility that the government's fiscal position could be even worse, with no surplus at all by the end of the decade and with a national debt that might be even higher in ten years than it is now.

What is particularly prescient about this report is the fact that it was not issued this morning, hours after Mr. Daniels of OMB declared that the fiscal policies of this administration have locked this Government into deficits for the next several years. This report was issued on September 7, 2001.

It is also interesting to note that this report suggests very strongly, prior to the attack on America on September 11, that the fiscal policies of this administration had headed us down a road to deficit after deficit after deficit.

The attack on September 11 was a dreadful assault on this country, but it is not the cause of the current deficit we are staring at over the next several years. It may have accelerated the timing, but the fundamental core was the irresponsible tax policies of this administration.

If we look across several years, we see a situation where our colleagues on the other side resisted, in 1993, President Clinton's plan, which mercifully passed by a very narrow margin, which set the fiscal context, together with monetary policy, for the largest expansion of our economy perhaps in our history. Yet when this party came to power, not only in the Senate and the House but in 2001 in the Presidency, it took them a scant 9 to 10 months to reverse years of economic progress and prosperity and cast us back again into deficit after deficit after deficit.

The consequences are severe. We are approaching critical choices about Social Security and Medicare. Just a year ago, we had surpluses which we could use to make these difficult choices. Those surpluses are gone. But the demographic timebomb of the baby boomers is not gone. It will be here. It is virtually on our doorstep. So we now have to respond to these issues bereft of a surplus that was hard-earned over years of effort during the 1990s.

There is something else, obviously, that is one of the direct consequences of September 11. We are at war. This is a war that will demand increased expenditures which we cannot decline to make, not just in the military operations, which are expensive inherently, but if we are not to repeat the mistakes that were made previously in the area of Southwest Asia. We have to maintain a presence there. We have to be one of the international participants to help in the reconstruction of Afghanistan. We have to take steps across the globe to eliminate other terrorist threats, sometimes more sinister than the dreadful events we saw in New York.

We have to recognize there are loose nuclear materials around the world, particularly in Russia, loose biological agents around the world. All of these things will cost money. And the war on terror will not end simply with the defeat of al-Qaida. It will be a constant ongoing battle, perhaps akin to the Cold War—increased expenditures now, because of this tax cut policy, without the benefit of a surplus.

There is something else we must recognize. We are looking at short-run economic consequences of this tax policy. But what is going to happen in the next several months and days and years ahead is that the administration's response will be OK, we can't shun funding defense. We will have to cut back in every other area of effort.

The key to our long-run economic prosperity is the productivity of America. That productivity is not simply machines and tools and computers. It is human capital. It is healthy, educated Americans who can use these tools, who can invent new tools, who can continue this growth. When we cut education and when we refuse to fund special education and when we go ahead and cut back on health care and we do all these things, we are harming our long-run productivity.

That is the dilemma we are in today. It is a dilemma that was entirely avoidable by a more responsible fiscal policy of this administration.

There is no surprise about Mr. Daniels' announcement yesterday. Perhaps the only shock, if you will, was the timing. It was inevitable after we passed this tax cut. Now as we go forward, we are seeing the consequences. Those consequences will be very difficult to bear. What is worse than that, our colleagues are compounding this terrible situation by advancing the same policies in the guise of a stimulus package: Accelerating marginal tax cuts further and proposing corporate AMT that is retroactive. That is not going to get this economy moving. That will simply make the hole we are in much, much deeper and the climb out much steeper and longer and harder, particularly for working Americans.

Again, there should be no surprise about Mr. Daniels' announcement, but there should be surprise, shock, and perhaps even anger, that having brought us down this path, they refuse to see the error of their ways. They refuse to recognize that, yes, we do need a stimulus package but one that would truly stimulate the economy by getting consumers back in the marketplace, by ensuring that middle- and low-income working Americans get access to additional dollars that they will spend quite quickly. We must in fact protect ourselves through increased expenditures on homeland defense.

I hope yesterday's announcement represents not just waking up to the reality of their policies but changing the policies, that in working collectively with the leaders in the House and in the Senate to script and craft a fiscal package that will move America forward, we will begin our slow climb out of this deficit situation. But there should be no confusion about the fundamental cause of our current economic situation—a precipitous collapse from surpluses to deficits. It was an unwise, irresponsible tax plan promoted and proposed by the President and regrettably accepted by this Congress.

I hope the searing news that Mr. Daniels gave us yesterday will provide something more than heat, that will provide a little illumination to those who seek to lead this country.

I yield the floor.

The PRESIDING OFFICER. Under the previous order, the Senator from New Hampshire is recognized for 10 minutes.

NOMINATIONS

Mr. GREGG. Mr. President, I come to the floor to talk about one of the problems we have had over the last few months, which is a failure of the majority party to address the issue of nominations sent up by the President. This failure has been most blatant, of course, in the area of judicial nominations where we now have well over 100

openings in the judiciary which have not been filled, which is an extraordinary number, especially when you put it in context of the prior administration. It is almost 100 percent larger than what the prior administration experienced under a Republican Senate.

There are also, independent of the judiciary nominations, a number of other nominations critical to the operation of the Government which are being held up by the majority party.

I rise to speak to one specifically. That is the nomination of Eugene Scalia to be the solicitor of the Department of Labor. Most people have never heard of the term or the individual solicitor of the Department of Labor. It is, however, a significant position within a significant department.

It is the fair arbiter of the laws within the Labor Department. It is the place at which the Government represents its cases, the individual who carries forward a great deal of the policy of the Government, as it has been set forth by the Congress and the Executive.

Why is Mr. Scalia not being brought to the floor? First off, you have to understand that it is not because the nomination hasn't been pending. The nomination has now been pending for 213 days. That is the longest period of time that any nomination has been pending around this body. Ironically, I think the reason it is not being brought forward is that it is tied to something that occurred 351 days ago, and that was the case of *Gore v. Bush*, or *Bush v. Gore*—the issue settled in the Supreme Court as to how the Florida law would be applied and the prior election, therefore, resolved. You see, Eugene Scalia, through family ties, appears to be tied to that case by the majority in the Senate.

There is a lot of frustration about that case on the other side of the aisle. Many of my colleagues, with great energy, believe it was decided the wrong way. Many have taken it personally, I suspect. Obviously, they have taken it personally because they are applying it personally in the case of Eugene Scalia, a relative to one of the decisionmakers in that process—of course, Justice Anthony Scalia—and who was one of the majority in the decision of *Bush v. Gore*. Well, Eugene Scalia is his son.

So we now have a scenario where the son has come up for a nomination to serve in the Government. I suppose you can argue, well, maybe he is not being approved because he was sent up quickly. I pointed out it was 313 days ago. You may argue he is not qualified. Actually, he is extraordinarily well qualified. He is one of the finest attorneys in the area of labor law in the country. In fact, five former Solicitors General of the Department of Labor have said he is unquestionably an extraordinarily qualified individual. To quote them, they say:

We are unaware of any prior solicitor nominee with his combination of academic

accomplishment, prolific writing on labor and employment matters, and many years of practice as a labor and employment lawyer.

That is five prior Solicitors of the Department. They have said this is a great nomination. It is not because he holds views that are antithetical or inappropriate to the position. In fact, he strongly is supported by some of the leading civil rights attorneys in this country; for example, William Coleman, who is one of the leading civil rights attorneys in our Nation's history, said that Eugene Scalia would be among the best lawyers who have ever held the important position—the position of Solicitor of the Department of Labor. He went on to say:

Eugene Scalia is a bright, sophisticated lawyer whose writings are well within the mainstream of ideas.

So he is not being attacked because he doesn't have the ability. He has all the ability you could possibly want. In fact, it is great that we can attract people of his talent and capability to public service. No, Eugene Scalia—Scalia the younger—is being attacked because of Scalia the elder. You might say, well, maybe he came up too quickly. We pointed out that isn't right.

Maybe he doesn't qualify. That is not true either.

Maybe he holds outrageous opinions. Actually, during the hearing process, the only significant attack made on his writings was a disagreement over his position on ergonomics. Eugene Scalia committed the “cardinal sin” of opposing the ergonomics rule as put forward by OSHA, so he was aggressively attacked during the hearings—not personally but on that issue relative to policy.

Well, that is OK. You can disagree with him on that policy point, but you have to acknowledge that on that policy point he agreed with the majority of the Congress. The Congress found the regulation that was promulgated by OSHA to be too officious, bureaucratic, counterproductive, and we—the Senate and the House of Representatives—threw the regulation out.

In my experience in the Congress, that has only occurred once or twice. We as a Congress actually rejected the regulation of OSHA on the issue of ergonomics, confirming the arguments that the younger Mr. Scalia had made on that issue.

So it is pretty hard to come to the floor with a straight face and say this man should not be confirmed as Solicitor of the Department of Labor because he took a position on ergonomics, when that position was consistent with the position taken by the Congress earlier this year.

No, regrettably, the younger Scalia is being held hostage because of attitudes toward the elder Scalia. That isn't the way we should govern. We should not prejudice an individual because of their race, their ethnic background, their gender, and we certainly should not prejudice an individual because they happen to be the son of an